

Idaho Legislative Audits
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Lava Hot Springs Foundation

Management Report on Internal Control

Issued: August 25, 2003
Fiscal Year: 2001 and 2002

EXECUTIVE SUMMARY

PURPOSE AND SCOPE. In planning and making our audit of the statewide basic financial statements, we performed certain audit procedures to evaluate the effectiveness of Lava Hot Springs Foundation's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Foundation's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. This evaluation, together with other evaluations and various audit procedures applied at other agencies, allows us to express an opinion on the statewide basic financial statements prepared by the State Controller's Office.

CONCLUSION. We noted no matters involving the internal control over the Foundation's financial reporting and or its operation that we considered to be material weaknesses. However, our consideration of the internal control over financial reporting would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report.

PRIOR FINDINGS AND RECOMMENDATIONS. The prior audit report contained three findings and recommendations as described below:

1. The Foundation has established accounting procedures as recommended in the first finding regarding the need to improve accounting controls and processes over operations. Status: CLOSED
2. The former director accrued compensatory time, because of an incorrect classification in the payroll system, even though Idaho Code prohibits directors from accruing compensatory time. The new director is properly classified in the State's payroll system to prevent him from accruing compensatory time. Status: CLOSED
3. The Foundation did not require a lessee to provide gross sales information so that the Foundation could determine the lease amount in accordance with the lease agreement. The Foundation now obtains all required information from the lessee. Status: CLOSED

AGENCY RESPONSE. The Foundation has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. In fiscal year 2002, the Lava Hot Springs Foundation received more than \$1 million, primarily from swimming pool and hot bath admission fees. Expenditures were comprised of: personnel costs, \$516,892; operating costs, \$437,548; and capital outlay costs, \$3,967. The Foundation also paid the City of Lava Hot Springs \$18,428 in local option taxes and the State Tax Commission \$48,409 in sales taxes.

Although an opinion is not given on the financial data presented in this report, one is given on all State funds in the statewide *Comprehensive Annual Financial Report* which includes the financial data presented here. A summary of fiscal year 2001 and 2002 cash basis financial activity for the Public Recreation Fund and the Capital Improvement Fund is presented below.

Lava Hot Springs Foundation – Financial Summary

Fiscal Year 2001

Fund #	Title	Beginning Cash Balance	Plus Receipts	Plus/(Minus) Transfers	Less Disbursements	Ending Cash Balance
0247	Capital Improvement	\$42,220	\$3,485	\$50,000	\$0	\$95,705
0410	Public Recreation	<u>173,158</u>	<u>929,672</u>	<u>(50,000)</u>	<u>954,275</u>	<u>98,555</u>
	Total	<u>\$215,378</u>	<u>\$933,157</u>	<u>\$0</u>	<u>\$954,275</u>	<u>\$194,260</u>

Fiscal Year 2002

Fund #	Title	Beginning Cash Balance	Plus Receipts	Plus/(Minus) Transfers	Less Disbursements	Ending Cash Balance
0247	Capital Improvement	\$95,705	\$4,524	\$80,000	\$0	\$180,229
0410	Public Recreation	<u>98,555</u>	<u>1,124,422</u>	<u>(80,000)</u>	<u>1,025,244</u>	<u>117,733</u>
	Total	<u>\$194,260</u>	<u>\$1,128,946</u>	<u>\$0</u>	<u>\$1,025,244</u>	<u>\$297,962</u>

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Lava Hot Springs Foundation and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given us by the executive director, Mark Lowe, and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Supervisor, Legislative Audits
Thomas Haddock, CPA, CGFM, Managing Auditor

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